



Default Management From TIVA to Delinquency

Lessons Learned and
What You Need to Know



Outline

- Introduction/Overview
- Third Party Players
- Roles/Responsibilities
- Data Analysis
- Action Plan and Checklist
- Managing the Results
- Questions



Introduction/Overview

- Explore Default Management Options
- Review Current Services Provided and Available
- Utilize Experience/Perspectives of APUS and SDW
- Competitive Marketplace for High Volume Contracts



Explore Default Management Options

- Internal
- Department of Education
- TIVA Activity
- Third Party Servicers
- **Default**



Review Current Services Provided and Available

- In School – Entrance/Exit
- Grace
- Repayment
- 0 – 30; 31 – 60; 61 - 90 Days Delinquent
- 91 to Default



APUS and SDW

- APUS
 - Who; What; Where; How; Why



Competitive Marketplace for HVC's

- High Volume Schools/Groups
- State/Sector/Association



Players – Roles and Responsibilities

- Schools' Internal Capabilities for In-House Processing
- TIVA's
- Third Party Servicers
- Champion/Challengers
- Consultants
- Data/Portfolio Managers



School Internal Capabilities

- Staffing
 - Student Communications and Servicer Contacts
- Budget
 - Mailings
 - Skip Tracing



TIVA's & NFP's

- What does this mean?
- Who are they?
- What can you expect?
- Are your students confused?



TIVA/NFP Contract

- 4 Calls by 180 Days Past Due (DPD)
- 9 Billing Statements by 270 DPD
- 1 Email/Letter sent at 15 DPD
- 4 Collection Letters Between 16 & 180 DPD
- Final Demand Letter at 241 DPD
- Notice of Default at 361 DPD

Due Diligence and Borrower Communications - Example											
Days Past Due (DPD)	0	30	60	90	120	150	180	210	240	270	>360
Activities Performed	minimum 4 calls before 180 DPD of those 4 calls one before 90 DPD, one after										
	no 45 day gap in due diligence activities										
	9 billing statements mailed										
	1 email / letter at 15 DPD										
	4 collection letters must be sent between 16 DPD and 180 DPD										
	final demand letter sent at 241 DPD										
	notice of default sent at 361 DPD										
	additional calls and e-mails										
	ad hoc activities: calls, letters, e-mails										
	unboarding welcome letter and welcome phone call										
collection letter sent at 300 DPD											
required activities performed											
additional activities performed											

Notes:
 1. Statements, calls, and e-mails are sent at different times of the month for different due dates.
 2. E-mails explain we have options to help and to call us. We provide delinquent customers a direct phone number to avoid the IVR system.



Consultants/Data Portfolio Managers

- Provide expertise you do not have
- Independent arbiter of multiple options
- Data analysis – bucket analysis
- Potential Portfolio Balancers (C/C Scenario)



APUS and SDW

- SDW
 - Who; What; Where; How; Why



Default Prevention Strategy

- Your Default Rate
- Repayment & Cure Patterns by Buckets
- Cost vs. Benefits
- Default Challenge Considerations



Default Prevention Strategy

- **STEP 1** - Get data from NSLDS for analytics and make decisions based on trends and future projections:
 - **Your Cohort Default Rate**
 - Compare the FY11, FY12, and FY13 CDR projections to determine the trend
 - FY13, FY14, & FY15 projected CDR's can be calculated using the NSLDS School Portfolio Report



Default Prevention Strategy

- **Step 2** - Where do you want the **CDR** to be?
 - **Your Cohort Default Rate**
 - What is the projected CDR rate goal the College has set for FY13 and FY14?
 - Does the Administration agree?
 - Based on future projections, is that rate achievable and what are the steps that need to be taken to achieve it?



Default Prevention Strategy

- **Step 3** - What resources are available:
 - **Your Cohort Default Rate**
 - Staffing
 - Budgeting
 - Timelines
 - Players



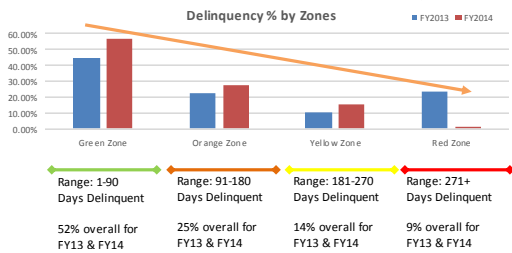


Default Prevention Strategy

- Repayment & Cure Patterns by Buckets
- Cost vs. Benefits (Delinquency Analysis)
- Default Challenge Considerations

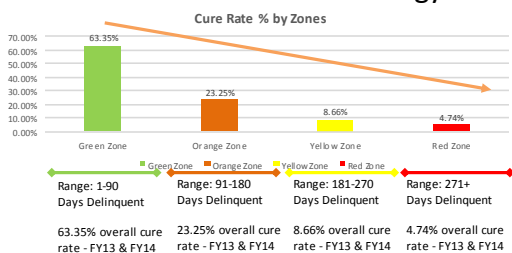


Default Prevention Strategy



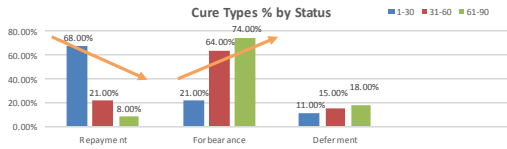


Default Prevention Strategy





Default Prevention Strategy



Repayment Status	
1-30	68%
31-60	21%
61-90	8%

Forbearance Status	
1-30	21%
31-60	64%
61-90	74%

Deferment Status	
1-30	11%
31-60	15%
61-90	18%

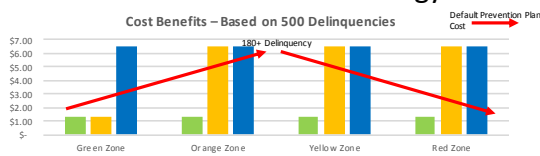


Default Prevention Strategy

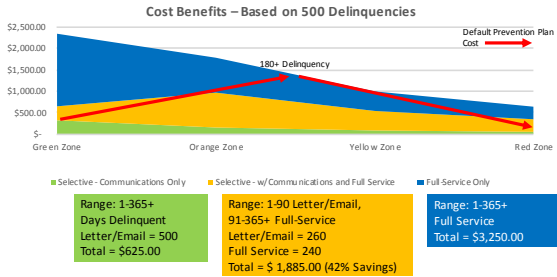
- Cost vs. Benefits
- Default Challenge Considerations



Default Prevention Strategy



- Selective - Communications Only
Range: 1-365+
Days Delinquent
Letter/Email=500
Total = \$625.00
- Selective - w/ Communications and Full Service
Range: 1-90 Letter/Email,
91-365+ Full-Service
Letter/Email = 260
Full Service = 240
Total = \$ 1,885.00 (42% Savings)
- Full Service Only
Range: 1-365+
Full Service
Total = \$3,250.00





Default Prevention Strategy

- Default Challenge Considerations



Default Prevention Strategy

- Default Challenge Considerations
 - Preliminary Challenges
 - Incorrect Data Challenge
 - Participation Rate Challenge (*Sanctioned Schools Only*)
 - Official Challenges
 - Uncorrected / New Data Challenges
 - Loan Servicing Appeal
 - Economically Disadvantaged Appeal (*Sanctioned Schools Only*)



Default Prevention Strategy Managing the Results

- Monthly Evaluations
- Coordinating Activity w/TIVA's/Third Parties
- Adjusting the Distribution for C/C agreements
- Evaluate Cost/Benefits



Action Plan and Checklist

- Communicate Up, Down, Across
- Analyze Your Current Portfolio
- Identify Your Peers
- Review Internal Capabilities
- Determine a Plan of Attack
- Execute



Questions



Feedback

- Please tell us what you thought and email suggestions for future versions of this topic to:
 - gspoales@apus.edu for Gary Spoales
 - ron@studentdatawarehouse.com for Ron Parker
